EXHIBIT 119

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

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IN RE: NATIONAL PRESCRIPTION OPIATE LITIGATION	:	HON. DAN A. POLSTER
APPLIES TO ALL CASES	:	NO. 1:17-MD-2804

- HIGHLY CONFIDENTIAL -

SUBJECT TO FURTHER CONFIDENTIALITY REVIEW

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March 15, 2019

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Videotaped deposition of STEPHEN C. MACRIDES taken pursuant to notice, was held at the offices of McCarter & English, LLP, 1600 Market Street, Philadelphia, Pennsylvania, beginning at 9:05 a.m., on the above date, before Michelle L. Gray, a Registered Professional Reporter, Certified Shorthand Reporter, Certified Realtime Reporter, and Notary Public.

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A. There's growth.
Q. Okay. And let's see, how did we do from 2000 to 2001, sir?
Doing better?
MS. VANNI: Object to form.
BY MR. BUCHANAN:
Q. Selling more?
MS. VANNI: Objection.
THE WITNESS: We're shipping more product to patients who need them.
BY MR. BUCHANAN:
Q. Okay. 500 plus million, half a billion pills; is that right?
A. 516 million.
Q. Okay.
MS. VANNI: Also note my objection that he is not a 30(b)(6) on sales history.
BY MR. BUCHANAN:
Q. Okay. I believe, in fact, you are a designee on suspicious order monitoring, correct?
A. Correct.

Q. Okay. Each of the shipments that are memorialized in shipping records followed an order, right?

MS. VANNI: Object to form.

THE WITNESS: You need an order to ship a product.

BY MR. BUCHANAN:

Q. Understood. Since the beginning of Endo's existence, Endo has been charged with maintain -- maintaining effective controls against diversion, correct?

MS. VANNI: Object to form.

THE WITNESS: The regulations state that we need to have controls to prevent diversion.

BY MR. BUCHANAN:

Q. Not just any controls, right?

A. Can you clarify what you mean by that?

Q. You have to have effective controls, right?

A. Yes. We have to have controls in place to prevent diversion.
Q. You have to have -- what's the word you dropped?
MS. VANNI: Object to form.
BY MR. BUCHANAN:
Q. Effective controls, right?
A. That those controls should be effective.
Q. That's right.
A. I don't disagree with you.
Q. Okay. So from the beginning, from 1999 till today, Endo has been responsible for ensuring it has effective controls to prevent diversion, correct?
A. By the regulations, that's what we need to do.
Q. As a reasonable company, that's what you need to do --
MS. VANNI: Object to form.
BY MR. BUCHANAN:
Q. -- right?
A. We have a responsibility to

Q. Okay. There's an operating company known as Endo, right?
A. Right.
Q. That line of business includes the company's branded portfolio; is that accurate?
A. That would be accurate.
Q. Okay. There's an operating company known as Par today?
A. Correct.
Q. Just owned by the Irish Endo entity, correct?
A. Correct.
Q. Par today owns what used to be Endo's generic business, as well as what used to be called Qualitest's business, correct?
MS. VANNI: Object to form. He's also not a corporate designee on corporate structure, corporate history.
BY MR. BUCHANAN:
Q. And I'm really not trying to do that, you know, for a legal purpose.

I just want to make sure we're clear in communicating today, because it could get confusing.

A. What I can tell you is Par had a generics business. Endo had a generics business that it operated as Qualitest. Par and Qualitest were merged into a single generics business that now operates under the Par name.

Q. Okay. So the current -- the current generics business is all under the Par name. Is it in the Par entity?

MS. VANNI: Object to form.

THE WITNESS: I'm not an expert on our legal entity structure. Our generics business operates under the Par name.

BY MR. BUCHANAN:

Q. Okay.

A. That's what I can tell you.

Q. We have named Par and we have named Endo.

A. Right.

Q. I want to know when I talk

MS. VANNI: Object to form.

THE WITNESS: There -- there are other regulations, controls, that we follow that would more be under the category of suspicious order monitoring when it comes to DEA compliance, to ensure that orders are properly reviewed, investigated before they are distributed.

BY MR. BUCHANAN:

Q. Okay. And that's what I wanted to understand.

So the concern that you have and the care you have to take with handling this product in the warehouse or handling this product in manufacturing with your own employees, people who you trust and hire, has to be exercised in investigating, in reviewing, every single order you receive, because that concern doesn't stop in the warehouse, right?

MS. VANNI: Object to form.

THE WITNESS: The control --

the proper control of these products extends throughout the supply chain.

BY MR. BUCHANAN:

Q. Right. So when the company receives an order for one of its controlled products, it has an obligation to maintain effective controls against diversion with regard to the orders it receives, right?

MS. VANNI: Object to form.

THE WITNESS: We have a responsibility under the regulations to make sure that we are reviewing orders, that we are understanding any orders of interest, we are investigating those. And if it comes to it, and if we determine that the order is suspicious, then not to ship that order.

BY MR. BUCHANAN:

Q. Okay. So we were looking at the Endo orders just a moment ago, just

to give us some context. I believe it's Exhibit 4.

Let's look at 1999. You know, shipped -- shipped hundreds of millions of opioid products in 1999. Every one of those was by an order.

And how many suspicious orders did the company report to the DEA in 1999 for Endo products, sir?

MS. VANNI: Object to form. The colloquy.

THE WITNESS: I don't believe we reported any suspicious orders as an outcome of our investigations.

BY MR. BUCHANAN:

Q. Okay. So in 1999 the company reported no suspicious orders to the DEA for Endo's orders?

A. I don't believe we reported any suspicious orders to the DEA in 1999 as a result of our investigations.

Q. Okay. How about in 2000, we've got, you know, hundreds of millions

of pills again, 400 million plus. I guess that's also syrups, so dosage units of syrups.

400-plus million pills and dosage units all pursuant to orders. And how many suspicious orders did -- did Endo report to the DEA for 2000?

MS. VANNI: Object to form.

THE WITNESS: I don't believe we reported any suspicious orders in 2000 as an outcome of our investigations into anything that was of interest.

BY MR. BUCHANAN:

Q. Okay. How about 2001, it looks like -- well, sales are growing. We talked about that a moment ago. 500-plus million pills and dosage units for Endo in 2001.

How many suspicious orders got reported to the DEA that year?

MS. VANNI: Object to the colloquy. You can answer.

THE WITNESS: I don't

believe we reported any suspicious orders to DEA after the outcome of our invest -- as an outcome of our investigations into anything that was of interest.

BY MR. BUCHANAN:

Q. Oh. Okay. So thousands and thousands and thousands of orders, right?

A. We had orders. I can't tell you specifically how many orders we had. But we had orders that represented these quantities.

Q. Okay. That -- that on an annual basis would give every American an opioid, right?

MS. VANNI: Object to form.

THE WITNESS: We got order -- we received orders for opioids from our customers who in turn sold them to patients who needed them.

BY MR. BUCHANAN:

Q. And not one suspicious order was reported to the DEA in 2001?

A. We did not report any suspicious orders to DEA after investigating internally any orders that we deemed as of interest.

Q. Okay. How about 2002? Sales still on the move. Growing along, I guess we can pull out our -- our death map that we looked at a moment ago. We'd see the deep blue going to lighter blue, going to tan and yellow, and more people dying.

How many suspicious orders did you report to the DEA in 2002?

MS. VANNI: Objection.

THE WITNESS: I don't believe we reported any orders, suspicious orders to DEA as an outcome of our internal investigations into any orders of interest.

BY MR. BUCHANAN:

Q. Okay. 2003, sales still on the move, right? We are back on Exhibit 4.

800 million pills, opioids, dosage units in 2003. All pursuant to orders the company received, right?

MS. VANNI: Object to form.

THE WITNESS: Yes. We would receive orders to represent those quantities shipped.

BY MR. BUCHANAN:

Q. Okay. And how many of those did the company identify as suspicious?

A. I don't believe we reported any suspicious orders to the DEA as an outcome of our internal investigations into any orders of interest.

Q. Okay. So you didn't report any over this period of time as we just looked at a five-year window.

How many did you not ship?

A. I don't believe we ultimately -- we ultimately shipped all of these orders as an outcome of our internal investigations into any orders of interest.

Q. Okay. So you've got a drug

issues through our suspicious order monitoring system. That's my answer.

Q. Not a single one was ever reported to DEA?

A. If an order had been determined to be suspicious, it would have been reported to DEA.

Q. As a numbers matter, sir, just stay with my question.

Did the company ever report any order that Endo received for any of its opioid products over the period of time, 1999 to present to the DEA as a suspicious order?

MS. VANNI: Object to form.

THE WITNESS: If an order was deemed suspicious --

BY MR. BUCHANAN:

Q. Did the company ever do it?

A. If the order was -- if an order was deemed suspicious, it would have been reported to the DEA.

Q. It doesn't answer my question. I just want the fact. Not an

BY MR. BUCHANAN:

Q. I'm passing you, sir, what we're marking as Exhibit 8 to your deposition.

MS. VANNI: Thank you.

BY MR. BUCHANAN:

Q. Sir, you'll recall before the break we were talking about your awareness or not of Endo's products being diverted. Do you recall that?

A. I recall that.

Q. Okay. Showing you what is an e-mail from Mr. Barto to Ms. Connell from 2003, subject revised DEA meeting minutes. Do you see that?

A. I see it.

Q. Okay. Who's Mr. Barto?

A. I believe he was a former employee of Endo.

Q. You recognize him as being in regulatory affairs for Endo?

A. It says here that he worked in regulatory affairs.

Q. Okay. Ms. Connell, you

recognize her as being on the supply chain side?

A. I do.

Q. Okay. In connection with your preparation, sir, were you aware that the company sat down with the DEA in 2003 to discuss abuse and diversion measures with regard to Endo's products?

MS. VANNI: Object to form.

THE WITNESS: In 2003?

BY MR. BUCHANAN:

Q. Mm-hmm.

A. I was aware that Endo had discussions with DEA during the time period that we are talking about.

Q. Okay. I'll pass you, sir, Exhibit 9 to your deposition.

(Document marked for identification as Exhibit Endo-Macrides-9.)

BY MR. BUCHANAN:

Q. Is that a yes answer, that you're aware that the company had discussed abuse and diversion of Endo's

oxycodone/APAP. All three of those are essentially the same pharmaceutical combination, they just get marketed in different ways, right?

MS. VANNI: Objection. Beyond the scope.

THE WITNESS: Some are branded and some are generic.

BY MR. BUCHANAN:

Q. Fair. I mean, I wasn't trying to be tricky with that. I just wanted to -- the company, for whatever its business reasons over time, has used different trade names or branded names for the same pharmaceutical combination, true?

MS. VANNI: Object to form.

THE WITNESS: The branded name is Percocet. And then there are generics that go by different names.

BY MR. BUCHANAN:

Q. Okay. All right, good. So Percocet in abuse and diversion was a big

deal into the early 2000s; isn't that right?

MS. VANNI: Objection.

THE WITNESS: I don't have specific knowledge on Percocet abuse because --

BY MR. BUCHANAN:

Q. Sorry.

A. Well, as I stated earlier, if our products aren't properly controlled, if they get out of the closed system, then they have -- they can be abused and diverted.

Q. Okay.

MR. BUCHANAN: Can we pull up the chart for the first -- let's just say through 2003, please.

There you go.

BY MR. BUCHANAN:

Q. All right. So we can see that in fact Percocet, Endocet, and oxycodone/APAP -- let's get the Percocet up there. Those are big movers for the

company in the early -- late '90s, early 2000s, right?

MS. VANNI: Object to form.

THE WITNESS: Can you clarify what you mean by "big mover"?

BY MR. BUCHANAN:

Q. I guess, for simplicity, two-thirds of your sales?

A. We were shipping Percocet and Endocet based on orders from our customers based on patient demand.

Q. I understand that, sir. But looking at the chart so we have some rough sense of what the business represented, about two-thirds of sales, at least in terms of pills, was Percocet or Percocet-like formulations, correct, sir?

MS. VANNI: Object to form.

THE WITNESS: Yes, based on -- if we're looking at 1999, a majority of the tablets shipped were Percocet or Endocet.

BY MR. BUCHANAN:

Q. Right. And roughly, what is that, 260 million pills, Percocets, versus a total of 360 or so?

A. Right.

Q. Okay. And excuse my rounding. I'm just trying to make it faster and simpler for both of us.

All right. We go forward in 2000. And you're, you know, again, at roughly 340 million of 450 million pills are the Percocet and Endocet drugs, right?

MS. VANNI: Object to form.

THE WITNESS: That's what it says.

BY MR. BUCHANAN:

Q. Percocet was Endo's brand?

A. Percocet was a branded product or is a branded product.

Q. But the brand Percocet, was that Endo's brand name?

A. It was.

Q. They owned it?

MS. VANNI: Object to form.
THE WITNESS: Correct.
BY MR. BUCHANAN:
Q. So when the jury or consumer hears Percocet, they should think of Endo?
MS. VANNI: Object to form.
BY MR. BUCHANAN:
Q. Right?
A. Percocet is the brand.
Q. That's the name you marketed it under, right?
A. That's the name that Endo marketed the product under, Percocet.
Q. And if we looked at Percocet pills shipped by Endo, we'd see a little R with a circle around it, right?
It was your registered trade name for it, correct?
A. It was.
Q. You had the exclusive right to use that name, right?
MS. VANNI: Object to form.
Beyond the scope.

THE WITNESS: From a regulatory perspective, yes.

BY MR. BUCHANAN:

Q. Right. So when the jury hears Percocet it can think Endo, right?

MS. VANNI: Objection.

BY MR. BUCHANAN:

Q. It has your name?

MS. VANNI: Objection.

THE WITNESS: Percocet was our branded product. I will say though, that as a strip that you put on a cut, it's called a Band-Aid, there is a branded Band-Aid. And there are a lot of other kinds of band-aids.

There is a branded Percocet product and there are a lot of generic Percocet products. Some distributed by Endo, some distributed not by Endo.

So there are a number of products, generic products, that get referred to as Percocet, that

may or may not be the branded Percocet.

BY MR. BUCHANAN:

Q. Fair point, sir.

And we see, in fact, you sold a generic version of your own branded product, right?

A. We did.

Q. Right. Well, we can't dispute that -- or you don't dispute, do you, sir, that you sold a lot of Percocet?

MS. VANNI: Object to form.

BY MR. BUCHANAN:

Q. And its generic equivalence?

MS. VANNI: Object to form.

THE WITNESS: We sold Percocet. I'm not disputing that.

BY MR. BUCHANAN:

Q. Okay. And as we see through the years, certainly the early years here, sir, Percocet is a big part of your sales portfolio, right?

MS. VANNI: Object to form.

THE WITNESS: We sold the quantities of Percocet that are listed on this sheet.

BY MR. BUCHANAN:

Q. Okay. So by 2003, wow, you have taken, with your Percocet and Endocet brand, you've gone from, what, about 260 million pills of Percocet and Endocet in 1999, to, what is that, about 640 million pills, of Percocet and Endocet for one year in 2003?

A. About that.

Q. Just about doubled, five years.

A. Right. Reflecting the demand for the product, for the patients that need it.

Q. A lot of growth, agreed?

MS. VANNI: Object to form.

BY MR. BUCHANAN:

Q. Doubled sales in five years of Percocets?

A. There's growth from 1999 to 2003 reflecting the increased demand for

specific input to challenge us and to give us suggestions on how we can improve.

BY MR. BUCHANAN:

Q. Sure.

A. In that context that's why we -- that's how we would have --

Q. And you invited them into your shop, right?

MS. VANNI: Object to form.

BY MR. BUCHANAN:

Q. Per the 1056.3?

A. I'm just looking this over. Yes, it looked like there was a visit to the facility.

Q. Visit to the facility, short review of documents, to provide findings and recommendations back to the company, correct? We're going to 1056.10.

A. 1056.10?

Q. Yes. Is that correct? You called them in. They looked at stuff. They gave you a report and analysis back? Fair, sir?

A. It looked like they did an audit and gave us some -- some findings.

Q. Okay. Let's go to Finding Number 8.

A. Are you on --

Q. 1056.10.

A. Okay.

Q. I'm sorry.

Finding Number 8, SOM, below. I guess there's two Finding Number 8 -- Findings Number 8.

Finding Number 8, SOM. Could you read that sentence for us, sir?

A. "There is no suspicious order monitoring program in place."

Q. Okay. Let's pause there. As of 2010, the company is selling controlled substances that it must keep in a vault and in a cage in its warehouse and production facilities, correct?

MS. VANNI: Object to form.

THE WITNESS: Par was selling opioids that had certain regulations on how they needed to

be stored and controlled.
BY MR. BUCHANAN:
Q. And there is a requirement?
MR. BUCHANAN: Can we blow that out?
BY MR. BUCHANAN:
Q. Under 21 C.F.R. 1301.74(b). Do you see that? That the company must maintain and operate a system to disclose to the registrant suspicious orders of controlled substances, right?
Do you see that?
A. Yeah. And if I could just have a minute to read it. Yes, this is what the regulation says.
Q. Okay. And that regulation's not a new one, right?
A. No.
Q. I mean, that regulation has been around for as long as Endo has been around, right?
MS. VANNI: Objection.
THE WITNESS: The regulations has been in place for

whatever period of time they've been in place.

BY MR. BUCHANAN:

Q. Right. And the Controlled Substance Act actually has a provision that manufacturers and distributors are supposed to maintain effective controls against diversion, right? Are you aware of that?

A. I'm aware of that, yes.

Q. Okay. So as of 2010, sir, there is no suspicious order monitoring program in place. That's what you're told by the consultants you hired to look at this issue, correct?

A. That's what the report says.

Q. Okay.

A. So as I said earlier, we hired --

Q. That's my question sir.

Recommendation underneath, "Although it was stated that sales are mainly to large wholesalers" -- let's pause.

As a registrant, you have an obligation to maintain a suspicious order monitoring program, period, correct, sir?

MS. VANNI: Object to form.

THE WITNESS: We have an obligation to do what it says here in the regulations, to design and operate a system to disclose to the registrant suspicious orders of controlled substances.

BY MR. BUCHANAN:

Q. Right.

A. That's what we have an obligation to do.

Q. Right. It doesn't -- the explanation given to your consultant that well, we just sell to wholesalers, that doesn't mean that you don't have to have a suspicious order monitoring program, right?

MS. VANNI: Object to form.

THE WITNESS: We have to --

BY MR. BUCHANAN:

Q. You know better than that?

Q. Sitting here today, sir, you don't recall a single Par policy, procedure, or standard operating document prior to the date of this memo for suspicious order monitoring, correct, sir?

MS. VANNI: Object to form.

THE WITNESS: I do recall a suspicious order monitoring SOP.

I do not recall the time frame at which that was implemented.

BY MR. BUCHANAN:

Q. Okay. Well, we'll look at that. Okay.

Because the company, a few years later, implements an SOP, right?

MS. VANNI: Object to form.

BY MR. BUCHANAN:

Q. After it's been selling opioids for years --

MS. VANNI: Objection.

BY MR. BUCHANAN:

Q. -- right?

MS. VANNI: Objection.

THE WITNESS: As I said, our programs were evolving in response to increasing our diligence around monitoring orders and ensuring that we were doing everything we could within the regulations to prevent our abuse and diversion.

This step of bringing in a consultant, which we do quite frequently, to challenge us, to help us raise the bar, to give us their view on things.

MR. BUCHANAN: Move to strike.

BY MR. BUCHANAN:

Q. My question was, the company has been selling opioids for years prior to the time it implements its first SOP.

Do you know that, sir?

MS. VANNI: Objection. Asked and answered.

THE WITNESS: I have data here that says the company was

things, and delivered a report which said there is no suspicious order monitoring program in place as of this date in 2010, correct, sir?

MS. VANNI: Object to form.

THE WITNESS: As the consultants define suspicious order monitoring program, their input was we needed to enhance whatever we were doing in terms of looking at orders and formalize the program. That's how I would interpret their response here.

BY MR. BUCHANAN:

Q. Okay. And so the answer to my question, sir, though about whether you are aware of a standard operating procedure for SOMs or a policy as of 2010 is still the same, you're not aware of one, correct?

MS. VANNI: Objection. Misstates his testimony.

THE WITNESS: I reviewed a lot of documents. I know I

reviewed documents, Par documents, that were related to suspicious order monitoring.

I don't remember -- I don't recall the date. I looked at a lot of documents to prepare for this. I didn't commit them all to memory.

BY MR. BUCHANAN:

Q. Okay. Let me show you the first one we found, sir. Okay.

MR. BUCHANAN: Can I have 1839.

(Document marked for identification as Exhibit Endo-Macrides-12.)

BY MR. BUCHANAN:

Q. I'm passing you, sir, what we're marking as Exhibit 12. This is an e-mail from Ms. Feniger to Ms. Lipari and some others on the team. Suspicious order monitoring.

SOM, do you see that?

A. I see that.

Q. Attachments SO002. Do you see that?

A. I see that.

Q. Okay. The quality is something we're both suffering with, sir. I wish I could have given you a better copy.

And so what we have here is the SOM. And it's SOP number SO002.0. Do you see that?

A. I see that.

Q. And it says supersedes. What does it say after that?

MR. BUCHANAN: Can you go to .2 please.

THE WITNESS: I'm sorry.

BY MR. BUCHANAN:

Q. I'm sorry. It's the top of the page, sir. I know my question was confusing.

We see the SOP number on the right. You recognize that companies like yours number their SOPs?

A. Right.

Q. And they often put a version number, a dot after to indicate an incremental change to an SOP?
A. Right.
Q. Okay. What's the title of this particular SOP, sir?
A. Suspicious order monitoring.
Q. Okay. And the SOP number for it is SO002.0, correct?
A. Correct.
Q. Supersedes?
A. It says not applicable.
Q. What is the date, the effective date of this SOP, sir?
A. April 17th of 2012.
Q. Okay. And we've got signatures and approvals written by, checked by, approved by.
Do you see all that?
A. I do.
Q. Okay. This was actually written by the head of sales?
A. Written by Patricia Lipari, director of sales.

Q. Okay.
A. Sales operations.
Q. Okay. Sales ops. And it was checked by a technical writer in documentation, right?
A. Checked by, yeah, Angela Feniger.
Q. I can't read the approved by name. Do you know that name?
A. Dino Taraban.
Q. Okay. And so, sir, this is -- the .0 or the first version of Par's SOM, suspicious order monitoring SOP, correct, sir?
A. Appears to be the first specific SOP entitled suspicious order monitoring.
Q. Okay. And --
A. But I wouldn't interpret that as suggesting that orders were not being looked at in some capacity prior to that.
Q. Yeah, that wouldn't be helpful, right? That'd be a real

problem?

MS. VANNI: Object to form.

BY MR. BUCHANAN:

Q. I mean, you had a consultant come -- withdrawn.

You had a consultant come in in 2010, in April, right? The Buzzeo group came in in April 2010?

A. April.

Q. We looked at that.

A. Right.

Q. They said, "There is no suspicious order monitoring program," is what they said, right?

A. That was their observation.

Q. Right.

A. Those were their words.

Q. They showed you the C.F.R. They made a recommendation, right? They said, "You need an SOP," right?

MS. VANNI: Object to form. The document speaks for itself.

MR. BUCHANAN: I'm happy to let it speak for all of us.

THE WITNESS: They said --
MR. BUCHANAN: I told you I'd allow that to happen.
THE WITNESS: My interpretation of what they said is they said we need to improve our program around order monitoring.
BY MR. BUCHANAN:
Q. What they said, "There is no suspicious order monitoring program in place." You can agree that's what they wrote and told the company in early 2010, correct?
A. That's what they said in 2010, based on the way they would define suspicious order monitoring.
Q. Right. And -- well, they said you had no suspicious order monitoring program in place. Yes or no?
A. That's what it says here.
Q. Thank you. They quoted you the regulation. Yes or no?
A. They quoted the regulation.

Q. They said, "Although it was stated" -- okay, do you understand that to be referring to your people talking to the Buzzeo folks, right?

MS. VANNI: Object to form.

BY MR. BUCHANAN:

Q. "Although it was stated that sales are mainly to large wholesalers" -- is that your understanding, sir?

A. Right.

Q. The Buzzeo folks got that information from your team at Par, right?

A. Presumably yes, they were speaking to people at Par.

Q. Right. "Although it was stated that sales are mainly to large wholesalers, a program must be instituted based on customer sales, volumes, seasonal fluctuations, et cetera, with a firm statistical analysis as the basis for such a program."

Did I read that correctly, sir?

A. You read -- that's what it

says.

Q. Okay. "It is further recommended that the basis for conducting" -- what? Due diligence.

Do you see that?

A. I see that.

Q. -- "of new and existing customers and identifying and investigating and clearing of reporting suspicious orders be documented in an SOP."

Did I read that correctly, sir?

A. You did.

Q. Okay. And so we have now, the rest of 2010 passes without an SOP, right?

A. This appears to be the first SOP that is specifically titled "Suspicious Order Monitoring."

Q. All of 2011 passes without an SOP, right?

A. As I said, this is the first SOP that appears to be entitled

"Suspicious Order Monitoring." That doesn't mean that Par wasn't complying with the registration around identifying potentially suspicious orders --

Q. And then in --

A. -- in the 2010-2011 time frame.

Q. Then sometime around April of 2012, you got around to getting an SOP, huh?

MS. VANNI: Object to form.

BY MR. BUCHANAN:

Q. Do I have that right?

MS. VANNI: Object to form.

THE WITNESS: In April of 2012, we published an SOP.

BY MR. BUCHANAN:

Q. Okay. And you published that SOP, and, you know, we can agree some 200 million units of pills and doses and patches -- I guess it's not pills. It's oral transmucosal fentanyl citrate and syrups, are going out the door with hydrocodone and fentanyl in 2010 and

2011, correct?

MS. VANNI: Object to form.

MR. BUCHANAN: Withdrawn. Very confusing question.

MS. VANNI: Very.

BY MR. BUCHANAN:

Q. You told us earlier in April 2012 you published that SOP. Yet in 2010 and 2011 some 200 million dosage units of fentanyl citrate and hydrocodone went out the door, correct?

A. We sold those products in 2010 and 2011.

Q. Okay.

A. You're assuming that the lack of -- the lack of an SOP meant that those orders were not being looked at or not being reviewed.

Q. You have not been able to highlight any written procedure, any documentation for the company that preceded the April 2012 SOP, correct, sir?

MS. VANNI: Object to form.

THE WITNESS: I don't have a document.

BY MR. BUCHANAN:

Q. So could you describe for us, sir, where in Exhibit 12 the company describes how it's going to determine what gets reported to the DEA?

A. If you can give me a minute to review this.

Q. Sure. Let's just -- let's just go to 1839.2 real quick.

A. 1839.2.

Q. We can agree under purpose, policy, and responsibility, there's nothing in here about reporting stuff to the DEA, correct?

A. It says, "Define process of suspicious order monitoring as determined by sales operations that we are in line with DEA requirements."

So if -- if the order needs to be reported to DEA, that would be in line with DEA requirements.

Q. Okay. So what orders, then,

are suspicious orders under your SOP for suspicious order monitoring, sir?

A. Orders that would be deemed of interest.

Q. Where are those? You're looking -- it sounds like you are not on 1839.2. You are now on 18 point --

A. I'm just reviewing the document.

Q. -- 1839.3. We can agree 1839.2 doesn't identify what a suspicious order is, correct?

MS. VANNI: Object to form.

BY MR. BUCHANAN:

Q. Characteristics, quality. We could agree?

A. It says, "Define a process for suspicious order monitoring that's in line with DEA requirements." That's what it says.

Q. Okay. Let's go to 1839.3.

So what were you telling your sales operations folks was a suspicious order on 1839.3?

A. So what this is telling me is that they're looking at orders that are considered to be excessive. "If quantities are higher than the average transmission, it is questioned."

Q. Where are you, sir?

A. I'm on -- under procedure.

Q. Okay. What paragraph?

A. The second one. "Weekly replenishment purchase orders are analyzed by account service executives versus customer provided usages. If quantities are higher than the average transmission it is questioned.

"The buyer is contacted to review a written request, is asked as to the reason for the increase. It is reviewed to ensure it is correct and warranted."

Q. Mm-hmm. And then what gets reported to the DEA?

A. If there is not a reasonable explanation for the order, and it was deemed suspicious, then under the

regulations it would need to be reported to DEA.

Q. Okay. And where is that? I'm just trying to find that?

Can we agree, sir, nothing in here spells out what and how it gets reported to the DEA?

A. It doesn't seem to describe that exact process. It seems to talk more about monthly reports are generated and sent to quality compliance for submission to DEA on a quarterly basis.

Q. Okay. We can agree, sir, in 2010, I think your testimony was no orders were identified as suspicious or reported to DEA, correct?

A. We did not submit any suspicious orders based on our review of the orders.

Q. And not in 2011 or in 2012, correct, sir?

A. Not to my knowledge.

Q. Okay.

A. After review and

investigation.

Q. Well, in fact, there was no SOP in force until April of 2012, correct?

MS. VANNI: Object to form.

THE WITNESS: Yes. No SOP specifically entitled "Suspicious Order Monitoring."

BY MR. BUCHANAN:

Q. Okay. And, in fact, please tell the jury who had a responsibility for evaluating orders once you had an SOP.

Let's go to 1839.2. Do you see the heading that says Responsibility?

Who had responsibility?

A. "Sales" -- "sales operations/account services to monitor applicable Par trade customer purchase orders."

Q. Okay. So the sales group?

A. These aren't -- these aren't salespeople. These are -- these are people that -- these are more clerical

BY MR. BUCHANAN:

Q. This was put in force in October of 2012, correct?

A. That's what it says.

Q. Okay. And then if we go to dot -- and again it was -- go back again, I'm sorry.

Again, it was written by the same director of sales operations, right?

A. Right.

Q. And signed off by the -- excuse me, checked by the account services executive, right?

A. Right.

Q. That's a different name than last name.

And then we've got that same Dino person, head of QA?

A. Yeah, he was -- he was head of compliance for the -- for Par.

Q. Okay.

A. All of compliance.

Q. Okay.

A. Quality and DEA compliance.

Q. Okay. And well, let's look at how this SOP evolved.

MR. BUCHANAN: Can we go to .3.

BY MR. BUCHANAN:

Q. It says, "Reporting suspicious criminal activities."

Do you see that?

A. I see that.

Q. Okay. "If criminal activity is suspected, report the following" -- "report the following to the state agencies that are" -- "that license the facility, e.g., board of pharmacy and Food and Drug Administration, as well as Drug Enforcement Administration for controlled substances within three days of suspecting criminal activity."

Do you see that, sir?

A. I see that.

Q. Okay. We can agree, sir, that your obligation and your promise as a registrant, is to report orders of unusual frequency, orders of unusual

A. I am not aware of a suspicious order that had been identified that would subsequently have been reported to DEA.

Q. You're not aware of a single order that was not shipped during this period of time?

A. I'm not aware of an order that was identified as suspicious and was not shipped. That's not to say there weren't any. I'm not aware of them.

MR. BUCHANAN: Let's take a break.

THE VIDEOGRAPHER: Off the record at 3:13 p.m.

(Short break.)

THE VIDEOGRAPHER: We are back on the record at 3:32 p.m.

BY MR. BUCHANAN:

Q. Okay. Sir, I'm passing you over a stack of exhibits. We'll go through them in sequence. There's -- why don't we start with what's been marked as Exhibit Number 23.

(Document marked for identification as Exhibit Endo-Macrides-23.)

MR. BUCHANAN: Charles, could you pass a copy for defense counsel.

BY MR. BUCHANAN:

Q. For the record, it's internally labeled as E-1051. If we can pull up that on the screen. E-1051, sir, is an e-mail to John Schultz, Mike Reiney, Charles Propst, others.

Do you recognize any of those names?

A. I recognize most of the names.

Q. Okay. And a Mr. Mapes, a former DEA agent, conducted an audit of your facility in 2008 and provided a report of that back to Qualitest Pharmaceuticals.

Do you see that?

A. Right. Michael Mapes was brought in to do an audit.

what -- excuse me, in 2008, that this is what was required, right?

A. All companies were reviewing the guidance by DEA to move in the direction of statistical models --

Q. You still have to answer my question.

A. -- to adapt their programs.

MS. VANNI: Objection to form.

BY MR. BUCHANAN:

Q. You still have to answer my question. So my --

A. Can you ask it again, please.

Q. Yeah. My question to you, sir, after you said, "In 2013, we engaged with Cegedim to do that," I said, "So the very consultant who told you in 2008 that this is what was required was the consultant you used in 2013 to implement the statistically validated algorithm for Qualitest, correct?"

A. We worked with them in 2013

to enhance the program and build us a, you know, more advanced algorithm.

Q. Right. In fact you did that after you sat down with the DEA in March of 2013, correct?

A. I think I testified earlier that we had identified areas to improve our program throughout that period but as early as 2011 when we had engaged Tracey Hernandez to lead our DEA compliance.

Q. When did management first approve and fund a statistically validated algorithm to detect potentially suspicious orders, sir?

MS. VANNI: Objection.

BY MR. BUCHANAN:

Q. Before or after the March 2013 meeting with the DEA?

A. In 2013 we engaged with Cegedim to develop the algorithm.

Q. After you met with the DEA, correct?

A. Subsequent to March of 2013.

Q. Which means after, right?

that?

A. I recall there was a communication to DEA.

Q. And after you cut off these three retail pharmacies that you were still selling to, Exhibits 33, 34, and 35, we can agree that you didn't report them to the DEA, correct?

MS. VANNI: Object to form.

THE WITNESS: There's no knowledge here that -- or information that they were reported to the DEA.

BY MR. BUCHANAN:

Q. Because in fact, you were the person selling to them? You were selling directly to people that were problematic customers, right?

MS. VANNI: Object to form.

THE WITNESS: We were selling to these customers.

BY MR. BUCHANAN:

Q. Please look at Exhibit 41, sir.

(Document marked for identification as Exhibit Macrides-41.)

THE WITNESS: 41?

BY MR. BUCHANAN:

Q. Yeah. Exhibit 41, sir, is excerpted from the company's interrogatories that were prepared by the company and counsel and produced to us in the last two weeks.

It says suspicious orders and --

MS. VANNI: This is a demonstrative based on the --

MR. BUCHANAN: It -- it's a demonstrative. But it is, in fact, the entire chart as -- as reflected in the interrogatory.

BY MR. BUCHANAN:

Q. These are, in fact, either suspicious orders or customers reported to DEA by Par Pharmaceuticals, as disclosed in discovery responses to us, sir.

We could agree, sir, looking at this list, that you don't see any reports to the DEA of any suspicious orders or any suspicious customers prior to the meeting with the DEA in March of 2013, correct, sir?

MS. VANNI: Objection.

THE WITNESS: All these dates are after March of 2013.

MS. VANNI: I want to make one more objection to the extent that I don't -- I don't know whether that interrogatory even called for that information.

MR. BUCHANAN: It does. But your objection is noted.

MS. VANNI: I also object to completeness.

BY MR. BUCHANAN:

Q. We could also agree, sir, that the pharmacies that were cut off by the company in -- following the Texas road trip, 33, 34 and 35, Big Tex, Advanced Pharmacy, BZ Pharmacy, those are

ultimate end customer.
BY MR. BUCHANAN:
Q. UPS didn't have a relationship with your customers, correct?
A. UPS is our distribution partner.
Q. My question to you, sir, is, UPS -- you were UPS's customer, correct?
MS. VANNI: Object to form.
THE WITNESS: UPS -- correct. UPS is a third-party distributor.
BY MR. BUCHANAN:
Q. Right. UPS did not have visibility to your customers and did not conduct due diligence of your customers, correct, sir?
MS. VANNI: Object to form.
THE WITNESS: No UPS -- UPS is the registrant for distribution, for the distribution license would be required to have a suspicious order monitoring

program in place.

BY MR. BUCHANAN:

Q. My --

A. It would be the responsibility of the client, in this case Endo, to manage the customer relationship.

Q. For you to manage your customer, your Morris and Dickson, your FW Kerr, your Top Rx, your BZ Pharmacies. Those were your customers?

A. That's how -- yes, that's how these relationships work.

Q. Right. And it was your job to manage your -- and do -- manage and do the due diligence on your customers, correct?

MS. VANNI: Object to form.

THE WITNESS: The model here is to outsource distribution. The customer relationship, the customer diligence is with Endo in that case.

Now UPS, given the fact that